

**MINUTES**  
**BOARD OF TRUSTEES OF THE**  
**PUBLIC EMPLOYEES' RETIREMENT FUND**  
**143 West Market Street, Suite 500**  
**Indianapolis, IN 46204**  
**September 12, 2003**

**EXECUTIVE SESSION**

Trustees Present

Jonathan Birge, Chair  
Richard Doermer, Vice Chair  
Garland E. Ferrell  
Connie R. Thurman  
Robert V. Welch, Jr.

Others Present

Craig Hartzler, Executive Director  
Bruce Kimery, PERF Deputy Executive Director/Chief Benefits Officer  
Leisa Julian, PERF Legal Council  
Forest Bowman, Bowman Cosby & Bowman  
Jeff Mallamad, Bingham McHale  
Robin Babbitt, Bingham McHale  
Paul Corning, CSC  
Mike Adkins, CSC  
Jeff Hinrichs, CSC

The Board met in Executive Session to discuss matters under IC 5-14-1.5-6.1(b)(2)(B).

**REGULAR SESSION**

Trustees Present

Jonathan Birge, Chair  
Richard Doermer, Vice Chair  
Garland E. Ferrell  
Connie R. Thurman  
Robert V. Welch, Jr.

Others Present

Bonnie Lewis, Barnes & Thornburg  
Paul Corning, CSC  
Mike Adkins, CSC  
Jeff Hinrichs, CSC  
Douglas Todd, McCready & Keene

Stephanie Braming, Mercer  
Scarlett Ungurean, Mercer  
Chris Levell, Mercer  
Margaret Burlingame, Barnes & Thornburg  
Richard Boggs, Burnley Associates

PERF Staff

Craig Hartzler, Executive Director  
Bruce Kimery, Deputy Executive Director/Chief Benefits Officer  
Leisa Julian, Legal Counsel  
Michael Horstman, Chief Financial Officer  
Bill Moran, Investment Administrator  
Mark Willis, Investment Officer  
Tim Legesse, Investment Officer  
Caroline Drum Bradley, PERF Internal Auditor  
Sandy Gettle, Legal Assistant  
Cindy Osborne, Minute Writer

ITEMS MAILED TO THE BOARD PRIOR TO MEETING

- A. Agenda of September 14, 2003
- B. Minutes:
  - July 11, 2003 Board of Trustees Meeting
  - July 11, 2003 Investment Committee Meeting
  - July 11, 2003 Benefits Administration Meeting
- I. RESOLUTION. Mr. Birge, on behalf of the Board of Trustees, presented Resolution 03-07 to Nancy Turner recognizing her for her many years of outstanding service to the Indiana Public Employees' Retirement Fund Board of Trustees.

II. APPROVAL OF MINUTES.

**MOTION** duly made and carried to approve the Minutes of the July 11, 2003 Board of Trustees Meeting.

*Proposed by:* Richard Doerner  
*Seconded by:* Connie Thurman  
*Votes:* Four in favor, 0 against, 0 abstentions.

III. OLD BUSINESS.

There was no old business discussed.

#### IV. NEW BUSINESS.

- A. Administrative Rule. Ms. Julian brought forth for final action, approval of a rule for procedures on pre-tax voluntary contribution. The rule was preliminarily approved by the Board on May 9. A required public hearing took place on August 27 and no additional comments were received at that hearing.

**MOTION** duly made and carried to approve the Administrative Rule.

*Proposed by:* Richard Doermer  
*Seconded by:* Garland Ferrell  
*Votes:* Four in favor, 0 against, 0 abstentions.

- B. Record Keeping Recommendation. Mr. Hartzler provided an overview of the Record Keeping service. Mr. Hartzler asked for Board approval giving him authority to negotiate the final contract with Great West.

- Mr. Ferrell asked why Great West was top choice. Mr. Hartzler noted Great West was most capable. Mr. Moran noted that Great West was also able to reduce their price.

**MOTION** duly made and carried to approve Mr. Hartzler as having authority to negotiate the Great West contract.

*Proposed by:* Nancy Turner  
*Seconded by:* Richard Doermer  
*Votes:* Four in favor, 0 against, 0 abstentions.

- C. IT Corporation Articles of Incorporation/Bylaws. Mr. Hartzler asked Board to approve IT Articles, Bylaws and Formation Agreement allowing PERF to move forward in discussions with TRF.

**MOTION** duly made and carried to approve IT Articles, Bylaws and Formation Agreement.

*Proposed by:* Garland Ferrell  
*Seconded by:* Richard Doermer  
*Votes:* Four in favor, 0 against, 0 abstentions.

- C. Building Renovation. Mr. Hartzler discussed PERF's plan to renovate the 143 West Market Street building and to co-locate staff from 125 West Market Street building to the 143 West Market Street building allowing all PERF staff to be in same location.

- Mr. Hartzler noted that the initial budget for project was \$600,000. An estimate of \$150,000 per floor.
- Current proposals to complete project total approximately \$1.9 million. Mr. Hartzler outlined the following reasons why this project is higher than initial budget proposal:
  - ❑ Current proposal includes adding one and one half additional floors to project.
  - ❑ All PERF restrooms will be made ADA compliant. Original proposal included making only two restrooms ADA compliant.
  - ❑ Fire alarm system will be upgraded and a sprinkler system will be added, which doesn't currently exist in the 143 West Market Street building.
  - ❑ Per the recommendation of CSC, enhanced security measures need to be installed to make the 143 West Market Street building a safer place for PERF colleagues to work.
- Mr. Hartzler outlined the following as possible funding resources:
  - ❑ Harrison Building Investment Account.
  - ❑ Building Operations Account.
  - ❑ Received appraisal of 125 West Market Street facility at \$1.52 million and sale of that building could be a possible funding source.
    - Mr. Hartzler noted to Board that PERF is not at the point to solicit bids for the 125 West Market Street facility, but that planning sessions will be scheduled to decide what should be done with the building. A proposal will be presented to the Board for review and consideration at that time.
- Mr. Hartzler recommended that the Board allow him to negotiate with the top two construction firms to move this project forward.
- Mr. Doermer inquired about additional floors to be renovated.

- Mr. Kimery and Mr. Hartzer explained that the basement needed to be included to accommodate all PERF colleagues and the vendors we house onsite.

**MOTION** duly made and carried to approve additional funding needed for renovation and to approve authority for Mr. Hartzer to negotiate with the top two construction firms.

*Proposed by: Garland Ferrell*  
*Seconded by: Connie Thurman*  
*Votes: Four in favor, 0 against, 0 abstentions.*

- D. Dates for 2004 Board Meetings. Mr. Hartzer brought before the Board a proposal to change the 2004 board meetings from the second Friday of the month to the third Friday of the month.
- Mr. Hartzer noted that doing this would allow PERF to present more up-to-date and accurate financial and investment data.
  - Mr. Birge inquired if we should finish out the year on the second Friday of the month schedule or adopt the new schedule now.
  - This was discussed and it was concluded that the Board would consider the 2004 schedule at this time and the 2003 schedule would be approached on a month-to-month basis.

**MOTION** duly made and carried to adopt proposed 2004 meeting schedule.

*Proposed by: Garland Ferrell*  
*Seconded by: Richard Doermer*  
*Votes: Four in favor, 0 against, 0 abstentions.*

E. Committee Reports/Recommendations.

1. Audit and Budget Committee Report. The Audit and Budget Committee had met that morning and had made the following recommendations for the Board's approval:
  - a. It was recommended before the Board that there be language changes in the Audit and Budget Charter and also the Internal Audit Charter.

**MOTION** duly made and carried to adopt the proposed language changes to the Audit and Budget and Internal Audit Charters.

*Proposed by:* Garland Ferrell  
*Seconded by:* Connie Thurman  
*Votes:* Four in favor, 0 against, 0 abstentions.

2. Investment Committee Report. The Investment Committee had met that morning and recommended the selection of the Bailey Gifford firm for management of PERF's international growth fund of \$200 million.

**MOTION** duly made and carried to approve the Bailey Gifford firm.

*Proposed by:* Richard Doermer  
*Seconded by:* Garland Ferrell  
*Votes:* Four in favor, 0 against, 0 abstentions.

V. REPORT OF EXECUTIVE DIRECTOR.

- Mr. Hartzler inquired if there was an update on Operations/Benefits. Mr. Kimery noted that we are still in the 60-70 day range for checks.
- Mr. Hartzler noted Mercer's good work. He also thanked Ms. Gerrick and her staff for all their good work and their team effort.
- Mr. Hartzler noted that we still face operational challenges and thanked the PERF staff for pitching in when problems occur.

VI. DATE OF NEXT MEETING. Unless the Board decides on a different meeting day, the next meeting will be held on October 10, 2003.

VII. ADJOURNMENT.

**MOTION** duly made and carried to adjourn.

*Proposed by:* Richard Doermer  
*Seconded by:* Garland Ferrell  
*Votes:* Four in favor, 0 against, 0 abstentions.